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CREATOR: Alice Veenstra (CN=Alice Veenstra/OU=OMB/O=EOP [OMB])

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SUBJECT: Suggestions for Treasury's comments on HR 10 - Financial Services Moderniz

TO: Ronald E. Jones (CN=Ronald E. Jones/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TO: Alan B. Rhinesmith (CN=Alan B. Rhinesmith/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

CC: Michelle A. Enger (CN=Michelle A. Enger/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

CC: Edward A. Brigham (CN=Edward A. Brigham/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

CC: William B. English (CN=William B. English/OU=CEA/O=EOP @ EOP [CEA])

READ:UNKNOWN

CC: James J. Jukes (CN=James J. Jukes/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

CC: Michael Deich (CN=Michael Deich/OU=OMB/O=EOP @ EOP [OMB])

READ:UNKNOWN

TEXT:

The FIB staff suggest giving the first two sub-headings (Protecting FDIC-Insured Dep. Institutions From Claims Against Their Affiliates and Holding Company Commitment to Keep FDIC-Insured Depository Institutions Well Capitalized) greater visibility for the purpose of emphasis of the Administration's concerns by making them full headings instead of sub-headings.

Also, we suggest adding the following as in introduction to the document. This introduction would be positioned after "THE ADMINISTRATION'S PRINCIPAL CONCERNS ABOUT THE COMMITTEE PRINT"

Suggest the following two introductory paragraphs in order to make the Administration's position and concerns more clear.

The Administration acknowledges the efforts of Chairman Leach and the House Banking Committee to improve HR 10. We appreciate especially the large parts of the Treasury Department's financial services modernization proposal which have been included in the revised version of HR 10. Nonetheless, we want to work with the Committee to add the bill additional provisions from the Treasury proposal which we believe are crucial to the success of financial modernization.

The Administration and the Committee recognize the need to modernize the regulatory scheme surrounding the Nation's banking industry. In order to remain competitive, our financial intermediaries need to move into new business areas with less regulatory burden. However, in doing so, it is imperative that we protect the Federal safety net. Minimizing taxpayer

liability to future shocks to the financial system and protection of the safety and soundness of the banking system are of paramount importance to the Administration. We feel that HR 10 in its current form, does not adequately protect the safety net, taxpayers or safe operation of banks. To that end, we strongly encourage Congress to include two crucial sections of the Treasury proposal, sections 153 and section 121.

Protecting FDIC-Insured Depository Institutions From Claims Against Their Affiliates

The June 12 committee print....